

# **DEFAULT AVERSION SYMPOSIUM**

## **November 21, 2006**

### **Breakout Sessions – Four-Year Public and Private Schools**

#### **Session I**

##### **Facilitator:**

Justin Draeger, Assistant Director of Communications, National Association of Student Financial Aid Administrators

##### **Focus:**

##### **How to conduct a research project.**

1. Develop questions.
2. Discuss the hypothesis? (What is your “gut feeling” about the end results?)
3. Check the available data.
4. Analyze what the data says.
5. Formulate alliances.
6. Explore what policy changes are necessary.

Each table discussed a topic and followed the steps listed above to formulate a research project. The following questions were discussed:

1. First generation students.
2. Effectiveness of entrance counseling.
3. Detriments of borrowing.
4. Why parents do not feel responsible?
  - b. They cannot afford higher education.
  - c. They are stretched too thin based on their lifestyle.
  - d. They are concerned about the return on their investment.
  - e. Some are concerned about their students being dependent versus independent.
5. How involved are parents with the financial aid process?
  - b. They are too involved and are taking over the responsibility of the student.
  - c. They are less involved which results in high-risk students.
  - d. Parental skills may vary based on their socioeconomic status.
  - e. Parents do not understand how the financial aid process works.
6. How soon should you start educating parents?
7. Are students aware of loan payments in relation to their salary?
8. Do parents have a level of knowledge of financial aid changes?
  - b. Do parents plan for the entire cost of college?
  - c. Do students know the basics of money management?
  - d. Are parents or students aware of where the money goes?
  - e. What is the preferred method of contact?
9. Urban versus suburban.
10. What is the effectiveness of the program?

11. How well balanced are students?
12. Can students differentiate between grants and loans?

Justin addressed some of the questions and discussed how a research project could be developed.

1. **Entrance counseling** – Include pre- and post-assessment with a captive audience to see if the audience heard what you said. A sample group can be used. Consider formulating alliances to help with the assessment—lenders, servicers, guarantors, faculty, Business Office, U.S. Department of Education (ED).
2. **Student awareness** – Assess how much students know about finance and budgeting. Form an alliance with the accounting office to see how well students manage their school account.
3. **Parental involvement** – Define parental involvement. Do a scale to determine level of involvement. Form alliances with different offices on campus—Business Office, Student Services, Financial Aid, etc. Also, use the services of guarantors, lenders, and servicers. Review policy changes based on the findings to increase or decrease the parents' level of involvement. If you need to increase parental involvement, then keep them in the “loop” on a periodic basis.
4. **Preferred method of contact** – Review the contact method that gets the most response from students: student email, send text messages through cell phones, etc. (be careful of too much over-kill). Form alliances with the Records Department and the IT office. Consider policy changes to maximize coverage.
5. **Job placement** – Review the problem of students not being able to find employment. Look at how this can prevent loan repayment. Form alliances with the Career and Placement office and the Alumni office.
6. **Urban versus suburban** – Use available data to assess the needs for each group. Form alliances with the Admissions and Undergraduate office to collect data. Some general data is available from ED and/or other partners.

Justin mentioned that ED is offering grants to schools to collect information and data to substantiate.

## **Session II**

### **Facilitator:**

Jennell Floyd, Operations Supervisor, Debt Management, Student Assistance Corporation

### **Focus:**

#### **Developing an action plan.**

1. Review reports.
2. Send letters.
3. Contact references (myspace.com).
4. Send email.
5. Utilize Google.

**Review reports.**

1. Use reports from guarantors.
2. Work the late stage delinquency reports.
3. Educate students at the beginning.
  - a. Start educating students during high school.
  - b. Use data that has already been collected (i.e., Noel-Levitz report on high-risk students).
  - c. Parents are concerned about the return on their investment.
  - d. Some parents want their students to be more independent versus dependent.
4. Setup financial literacy training.
  - a. Offer classes on budgeting and personal finance.
  - b. Inform parents during orientation about budgeting for students. (Schools mentioned that they have limited time during orientation.)
  - c. Have some information setup in computer labs for parents.
  - d. Use Life Skills modules.
  - e. Include debt management in the Lifetime Wellness and Fitness class.
  - f. Use residence halls to offer debt management seminars. (Eastern Michigan University said they used the residence halls, but received low response.)
  - g. Add more debt management information in the “welcome packets.”
  - h. Offer graduate fairs and include financial aid information. (Wayne State University offers graduate fairs and has the cooperation from their president to emphasize the importance of debt management.)
  - i. Use peer groups to talk about debt management.
  - j. Form alliances with financial partners.
  - k. Use other media to educate students – video, television, posters, newspaper, Web site. The Federal Trade Commission offers consumer and debt management information. (Eastern Michigan University mentioned that they plan to add a scrolling message bar to their Web site with debt management tips. Saginaw Valley State University plans to use this idea also.)
  - l. Use College TV through Comcast Cable Company and have certain programs played in the Student Center.
  - m. Submit regular articles in the student newspaper about debt management.
  - n. Provide “house calls” to undergraduate freshmen during the third week of class. (Eastern Michigan University has formed an alliance with administrators to visit freshmen to see how they are doing.)

**Send letters.**

1. Use financial management system to send letters to students.
2. Send letters to high-risk students.
3. University of Michigan is purchasing a software game to educate students on banking, credits, and financial literacy. The software game was created by a University of Michigan graduate. They will also purchase debt management books to distribute to select students.
4. Let the administrators at your school know that ED is looking at the dollar amounts of defaults, not just the Cohort Default Rate. This can be used to emphasize the need to provide debt management education in spite of the school’s low cohort default rate, especially during this time of scarce resources.
5. Send letters providing information and an offer to help the student.

**Contact references.**

1. Work with your guarantors, lenders, or servicers.
2. Send notices to reference contacts.

**Send email.**

1. Use email to send information to students.
2. Coordinate your efforts with the Business Office.

**Utilize Google.**

Use the Internet to search for students (i.e., Google, My Space, etc.).